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MEMORANDUM

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2001 MAR 27 P 3:54

TO: Docket Control
Arizona Corporation Commission

AZ CORP COMMISSION
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FROM: Deborah R. Scott
Director
Utilities Division

DATE: March 7, 2001

RE: **APPLICATION CANCELLATION - IN THE MATTER OF THE APPLICATION OF MEGSINET-CLEC, INC. FOR CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY. (DOCKET NO. T-03603A-00-0565)**

Attached is the Staff Report for the above referenced application. Staff is recommending cancellation of the CC&N without a hearing.

Originator: Erinn Andreassen

Attachment: Original and Ten Copies

Arizona Corporation Commission
DOCKETED

MAR 27 2001

DOCKETED BY	
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

MEGSINET-CLEC, INC.
DOCKET NO. T-03603A-00-0565

IN THE MATTER OF THE APPLICATION OF
MEGSINET-CLEC, INC. FOR CANCELLATION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY

March 7, 2001

STAFF ACKNOWLEDGEMENT

The Staff member designated below contributed elements of this Staff Report.

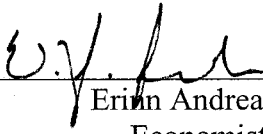

Erin Andreasen
Economist

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Introduction:

On August 1, 2000, Megsinet-CLEC, Inc. ("M-CLEC" or "Applicant") filed with the Commission a letter requesting cancellation of its Certificate of Convenience and Necessity ("Certificate"). In August 2000, the Applicant expressed interest in withdrawing the cancellation to pursue a transfer of its Certificate to CoreCom Limited (CCL) which acquired control of M-CLEC by virtue of a merger between a CCL subsidiary and Megsinet Inc., the direct parent corporation of M-CLEC. Currently, however, CCL has indicated that it no longer intends to offer competitive telecommunications services in Arizona. Therefore, M-CLEC would like to continue with its request to cancel its certificate.

Background and Staff Analysis:

M-CLEC was approved to offer competitive telecommunications services in Arizona as a reseller of interexchange service in Decision No. 61231. M-CLEC indicated that it has never provided service in the state of Arizona nor collected prepayments, advances, or deposits from potential customers.

Since M-CLEC does not serve any Arizona customers, and there are numerous other carriers offering similar services, Staff believes that granting this application for cancellation is in the public interest.

Recommendations:

Staff recommends cancellation of M-CLEC's Certificate of Convenience and Necessity.

Staff further recommends that the application be approved without a hearing.

From: "Kellogg, Scott" <Scott.Kellogg@corecomm.com>
To: "eandreasen@cc.state.az.us" <eandreasen@cc.state.az.us>
Date: 3/5/01 10:48AM
Subject: Megsinet-CLEC, Inc.

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Erin,

T-03603A-00-0565

Per our conversation today, we are interested in canceling the certificate of convenience and necessity to provide competitive interLATA/intraLATA resold telecommunications services in the State of Arizona issued to Megsinet-CLEC, Inc. ("M-CLEC"). M-CLEC was originally granted that authority by the Arizona Corporation Commission's ("ACC") Decision No. 61231 in Docket No. T-03603A-98-0420 on November 23, 1998.

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In May 1999, CoreComm Limited ("CCL") acquired control of M-CLEC by virtue of a merger between a CCL subsidiary and Megsinet, Inc., the direct parent corporation of M-CLEC. Since M-CLEC had never provided service in the State of Arizona, CoreComm subsequently requested that the ACC cancel that certificate in July 2000. In August 2000, ACC staff contacted CCL and indicated that it might be possible to transfer that certificate. Since CCL was preparing to seek authority to provide local and interLATA/intraLATA services in the state through another wholly-owned subsidiary, CCL expressed its interest in pursuing such a transfer.

For the foreseeable future, however, CCL no longer intends to enter the Arizona market. To date, M-CLEC still has not provided services to customers in the State of Arizona. Therefore, CCL would prefer to just proceed with the company's original request for cancellation of the M-CLEC certificate.

If you have any questions regarding this matter, please do not hesitate to contact me at 312/445-1162.

Scott Kellogg

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Thank You
CoreComm Ltd.